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Director

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Steve Bullock
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TO: Kory Hofland, BIT

FROM: Eric Dale, Tax Policy and Research

DATE: May 16, 2016

RE: Tax Year 2016 Class 12 Taxable Percentage Rate

CC: Mike Kadas
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The tax year 2016 taxable percentage rate for class 12 property is estimated to be **3.04%**.

Per 15-6-145, MCA, the Department of Revenue shall calculate the taxable percentage rate for class 12 property annually by:

1. conducting a sales assessment ratio for class 4 commercial and industrial property;
2. adjusting the total class 4 commercial and industrial taxable market value;
3. adding this product to the taxable value of other non-class 12 commercial property; and
4. dividing this adjusted total taxable value by the total statewide adjusted market value of all non-class 12 commercial property.

The tax year 2015 sales assessment ratio of class 4 commercial and industrial property is 85.98%. The actual taxable market value for class 4 commercial and industrial property is divided by the sales assessment ratio to determine an adjusted market value.

In TY 2016 the class 4 rate for commercial and industrial property will remain the same as in TY 2015, so the taxable value for class 4 commercial and industrial property is unmodified.

Class 4 Commercial & Industrial Adjustments	
Class 4 Market Value (\$ Millions)	
Actual Market Value	19,428.062
Sales Ratio	85.98%
Adjusted Market Value	22,595.062

Because the certification of TY 2016 property values occurs in August of 2016, the information used in this computation is certified TY 2015 values. Once the TY 2016 certification is complete, the department will recalculate the class 12 percentage, and if the recalculated percentage differs from 3.04% by more than 5%, the department will provide notification of the new class twelve percentage by September 1, 2016.

The following table showing the contribution of each class of property to the class 12 taxable percentage rate:

Class 12 Tax Rate - Tax Year 2016 (\$ Millions)			
<u>Class of Property</u>	<u>Market Value</u>	<u>Taxable Value</u>	<u>Eff. Tax Rate</u>
Class 4 Commercial and Industrial	\$22,595.062	\$362.966	1.61%
Class 7	\$14.866	\$1.189	8.00%
Class 8	\$7,400.854	\$154.084	2.08%
Class 9	\$3,587.141	\$430.457	12.00%
Class 13	\$2,974.469	\$178.178	5.99%
Class 14	\$957.970	\$16.881	1.76%
Class 15	\$165.687	\$2.352	1.42%
Class 16	\$0.000	\$0.000	
Total Commercial and Industrial	37,696.048	1,146.106	3.04%

Please contact Eric Dale at (444-7925 edale@mt.gov) or Emily Klungtvedt (444-6634 eklungtvedt@mt.gov) if you have any questions.